



## HOMEWARD BOUND HOMEBUYER MORTGAGE PROGRAM

Single Family Mortgage Purchase Agreements apply to the 2016 Mortgage Programs in the NJHMFA Mortgage Program Policy and Procedures for Participating Lenders dated Revised: March 3, 2016/Effective April 1, 2016. All 2016 Program loans are to be originated according to the standards in this Guide. Copies of the Guide are available on our website at: [www.njhousing.gov](http://www.njhousing.gov)

**INTEREST RATE:** Rates will be set daily and listed on NJHMFA's Internet Loan Reservation System (ILRS). Please refer to Chapter 6 of the Guide for more information on the rate lock policy and pipeline management.

**MORTGAGE LOAN MATURITY AND LOAN USE:** 30 year term only, fixed rate, maximum Loan-to-Value (LTV) based on loan type guidelines. Loans types may be FHA, VA, or USDA. Purchase money loans only. First-time homebuyers and trade-up/trade-down loans are available.

**FEES:** Please refer to Chapter 1, Section 1-6 of the Guide.

**ELIGIBLE PROPERTIES:** The property must be located in the State of New Jersey. Properties must comply with any and all guidelines of the applicable insurer/guarantor such as FHA, VA or USDA. Please refer to Chapter 7, Section 7-2 of the Guide for general property standards.

**ELIGIBLE BORROWERS:** Individuals only. Borrower eligibility is determined by the respective Federal Agency (FHA, VA or USDA) guidelines. There is no NJHMFA

specific income or purchase price limits. Additionally, there is no first-time homebuyer requirement to be eligible for this purchase money mortgage loan; however, only certain borrowers will qualify for the NJHMFA Smart Start loan. All borrowers must have a minimum credit score of 620. The middle score from the three credit repositories – Equifax, Experian & TransUnion must be used. If there are less than three reported scores the lowest will be used. If the borrower does not have a credit score they do not qualify. Please refer to Chapter 3, Section 3-3 for more detailed requirements.

**OCCUPANCY:** Property must be occupied as the borrower's primary residence within 60 days of settlement. Borrower must maintain occupancy for the life of the loan.

**MORTGAGE INSURANCE:** FHA, VA or USDA loans must have appropriate insurance or guarantee.

**DOWNPAYMENT REQUIREMENTS:** Downpayments are based on the mortgage insurer or guarantor's guidelines.

**CLOSING COSTS:** Borrower may fund closing costs with a NJHMFA Smart Start loan on first-time homebuyer loans. Please see Smart Start loan program guidelines in the Guide. Escrow payments must be paid from borrower's liquid assets. Please refer to Chapter 10, Section 10-7 of the Guide for more details.



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**PARTICIPATION FEE:** Each Participating Lender must pay the Agency a yearly fee of \$2,000. This will allow the Participating Lender to accept applications for NJHMFA programs through the program year. The program year is January through December. The Seller will be reimbursed the \$2,000 fee, after the NJHMFA has purchased five loans in either the NJHMFA First-Time Homebuyer, Homeward Bound or Stay At Home programs. Please refer to Chapter 1, Section 1-2 and Section 1-3 of the Guide for more details.

### **PARTICIPATING LENDER COMPENSATION:**

- A) A service release fee will be paid to the Participating Lender at the time of loan purchase. This fee is paid on all NJHMFA loans except for PFRS and Smart Start loans. Please refer to Chapter 1, Section 1-6 of the Guide.
- B) *Origination Charge* - An origination charge may not be charged on NJHMFA loans except for PFRS loans. Please refer to Chapter 1, Section 1-6 of the Guide.

C) *Ancillary Fees* - For all programs, Participating Lenders are allowed to collect customary miscellaneous fees (i.e., underwriting, document review fees) that are permitted under CFPB regulations and have been properly disclosed to the applicant at the time of loan application, but which in the aggregate shall not exceed \$325.00. Please refer to Chapter 1, Section 1-6 of the Guide.

D) *Tax Service Fee* - NJHMFA requires that a tax service fee be charged on conventional loans and USDA loans. The tax service fee should be reflected on all regulated disclosures and listed on the HUD-1 Settlement Statement at closing. The borrowers are not allowed to be charged tax service fees on FHA & VA loans.

**MORTGAGE LOAN PURCHASE PRICE:** For each loan purchased, NJHMFA will pay to the Participating Lender 100% of the unpaid principal balance of the loan computed as of the date the loan is received for purchase, less any and all fees due NJHMFA. At the time of purchase, applicable fees will either be subtracted or added to the purchased principal balance.

